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# **Evolving institutions of trust: personalized and institutional bases of trust in Nigerian and Ghanaian food trading**

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## **SUMMARY**

This paper examines the processes of building cooperation in a context of sparse public-sector regulation. The Nigerian and Ghanaian food sectors are characterized by a highly dispersed and fragmented system of micro-entrepreneurs from diverse ethnic groups who both compete and cooperate in order to flourish. Drawing on ethnographic research, we consider the relationships and contracts that require an element of cross-cultural trust, how personal social relations and institutional forms are used to ensure trust, and the role of cultural norms. Our empirical findings indicate that individuals draw on both personalized social relations and institutional forms of trust that are underpinned by culture specific norms. Through personalized trust, traders have been able to operate across cultural boundaries, building common norms of behavior over centuries, and shaping these into what are perceived essentially as professional, albeit personalized, codes of conduct and semi formal institutional forms (such as associations) that function in parallel to the state.

## **INTRODUCTION**

The Nigerian and Ghanaian food sectors are characterized by a highly dispersed and fragmented system of micro-entrepreneurs from a range of ethnic groups who both compete and cooperate in order to survive and grow. The fragmented nature of the sector necessitates a range of cooperative forms in order for the enterprises to gain access to information, finance, quality products and market spaces. The traders involved are found to have a number of different types of bilateral relations (joint ventures and informal reciprocal arrangements) both within cultural groups and crossing cultural boundaries. These may be combined with multilateral forms of cooperation in powerful trader associations some of which are of single ethnic groups while others cut across ethnic boundaries.

The issue of ethnicity is particularly interesting in the case countries as both nations are made up of a large number of different ethnic groups resulting in much of the long distance trade between rural and urban areas taking place across cultural boundaries. There is thus a degree of unfamiliarity in early stages of relationships which requires a greater degree of trust because of the inherent risk and vulnerability. These boundaries have also been areas of contestation and tension in the past. While Ghana has a record for relative harmony between ethnic groups<sup>1</sup>, in Nigeria there have been sporadic outbursts of considerable violence, one such episode taking place in the middle of the longitudinal study reported here.

The process of building cooperation is particularly interesting in the two case countries as it occurs in a context with minimal legal recourse or regulation by the public sector. The role of the state is relatively weak in each case, with a large proportion of business being carried out without written contracts and/or other forms of formal institutional support. In response, traders have developed parallel systems to reduce the high degrees of uncertainty.

These two cases offer an opportunity to explore the following questions concerning issues of building trust and institutional forms in different cultural contexts:

- What are the relationships and contracts that require an element of trust across cultures?
- How are personal social relations and institutional forms used to ensure trust across cultures?

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<sup>1</sup> Ethnic troubles in northern Ghana continue to result in sporadic violence, but this rarely occurs on the scale evidenced in Nigeria.

- What are the roles of cultural norms in the development of relationships across cultures?

## **THEORETICAL GROUNDING**

The chapter draws on theoretical and conceptual insights from a range of social sciences, including anthropology (on how culture, social structures and social networks shape organizational forms), economic sociology and economics (on economic institutions, transaction costs and how economic activity is embedded in social relations and relationships of trust), and management studies (on how businesses operate and entrepreneurs behave).

Drawing on literature on the processes of economic development, the case studies demonstrate the social institutions that shape economic life (Hodgson, 1988) and allow us to consider the roles of traders as actors being shaped by the structural context in which they operate (Granovetter, 1985; Long 1992). Culture plays a central role in how they carry out business and there is a need for greater understanding of how traders cross cultural boundaries. Culture is a nebulous and contested concept but for the purposes of this paper can be defined as the collective programming of the mind distinguishing the members of one group or category of people from another (Hofstede, 1996), where the group/category can be a nation, region, profession, organisation, department, gender or generation. For this study, we look at those aspects of ethnic culture that shape the way boundaries are crossed and collaboration and trust is built. These include social norms that steer behavior, values, sanctions on others in the

community, and reward systems, which in turn shape the process of collaboration. In addition to ethnic cultural differences, the analysis of supply chain relationships also demonstrates a range of professional cultural differences between traders of various kinds and positions in the marketing chain, as well as between farmers and traders (Eaton et al. 2007);Masuku and Kirsten 2003).

### ***Relationships and contracts requiring an element of trust across cultures***

Cross cultural relationships present an interesting avenue in which to explore trust. Trust can be defined as an expectation of others' behavior (Gambetta, 1988: 217; Humphrey and Schmitz, 1996: 5; Zucker, 1986: 54) with confidence based on personal relationships or knowledge that there are institutions that can ensure or enforce expected behavior. Trust also requires an element of willingness to embrace vulnerability and expectation that the other party will act responsibly (see Mayer et al, 1995; Rousseau et al, 1998). Well-placed trust is based on active enquiry, often extended through questioning and listening over time, rather than blind acceptance (O'Neill, 2002: 76). This may be a conscious action based on calculations of vulnerability, risks and rewards, or it may be more instinctive based on habitual action (Lyon, 2006; Mollering, 2006).

In an African context there is a limited literature about food marketing organisations and their cross cultural relationships, despite the fact that they play a major role in the national economy, as well as being central figures with regard to food security. With regard to finance, personalized trust-based informal sources are vital, as banks are unwilling to lend to small scale traders (Lyon and Porter, 2007; Nissanke and Aryeetey, 1998. Informal sources of financing are vital to keep trade moving although they can be

used exploitatively if individuals become tied into debt relations over many years (Bhaduri, 1986; Clough, 1981,1985; Watts, 1987). Food market traders often form associations which have a number of roles. These include providing welfare support for traders, building market infrastructure, sharing market information and lending to each other (Smith and Luttrell, 1994). They may also be the arenas for setting prices and ensuring the rules of the market are followed (Clark, 1994). They play specific roles in dispute resolution (Lyon, 2003; Whetham, 1972) and are responsible for hiring private security guards, often part of youth vigilante groups (Gore and Pratton, 2002).

Of particular interest in this study are the boundary spanners and intermediaries who can cross ethnic and professional cultural boundaries. There are considerable challenges to crossing cultural boundaries; what Zaheer (1995) refers to as the “liability of foreignness” and Child et al. (2002) as “psychic distance”. These challenges include an unfamiliarity with the other culture and potential cultural hostility.

#### *Personal social relations and institutional forms for ensuring trust across cultures*

In terms of addressing the second objective of examining the social relations that ensure trust, this paper explores both the personal relationships and the institutional bases of trust. Many relationships within and between organisations involve informal relationships of trust. These can be contrasted with institutional forms of trust, where there is trusting behavior because there are institutions that can play a role in safeguarding any interaction and limiting opportunism. However, in many cases there are elements of both trust and contract-with-trust often preceding the development of contracts (Klein Woolthuis, 2005).

Personal trust is particularly important where “transactions are so complex that law cannot possibly cover all contingent circumstances” (Moore, 1994: 819), where legal mechanisms are harder to use and where there are no formal systems of contracts available. In such cases, more informal personalized relationships become increasingly important for reducing uncertainty. Personalized trust is based on an assessment of the other party’s actions and characteristics, information from third parties, and from direct interactions with them (Humphrey and Schmitz, 1996; Lyon, 2006; Zucker, 1986).

With personalized trust, cooperation is ensured through a balance of wanting to act reciprocally and being coerced into action due to the sanctions and control exerted by the other party. The outcomes of trusting for each individual will depend in part on the specific balance of power achieved between the parties. This supports Mollering’s (2005) view of the duality of trust and control, in which both assume the existence of the other.

Trust can also be based on institutional forms whereby actors can build confidence without having a personalized relationship. The institutional forms allow one party to take action against another if an agreement is not honored. Institutionally based trust is built up through ensuring that those relying on these institutions perceive them to be trustworthy and able to sanction norm breakers. Institutionally based trust is most frequently underpinned by state- developed and enforced legislation. In the food marketing context, the Food and Agriculture Organization (2001) and Cullinan (1997) divide these into enabling functions (laws of contract, property rights, exchange and security/collateral), economic regulatory functions (laws of unfair competition/cartels, weights and measures, quality, and tax) and constraining functions to avoid socially



undesirable consequences (consumer protection, urban planning, environmental protection).

As institution based trust rests on the perception that the institutions themselves are trustworthy, it may operate best when these institutions are invisible or perceived to be inevitable (Searle, 2005). However, in a Nigerian context, government related regulatory forms have been associated with widespread corruption and, in the food sector, a lack of capacity for enforcement (Mustapha and Meagher, 2000:36). This has led to loss of trust in these forms of institutions. They have been abandoned, where possible, in favor of parallel non-state forms of regulation that encourage institutional based trust, such as trader associations and transport unions. These relationships may exhibit elements of both personalized and institutional based relationships as each party may draw on what they know personally, as well as on the safeguards of the institutions (formal and informal). Furthermore, there is not a clear distinction between institutional and personal trust. Personalized forms can include relationships between groups of people (as opposed to bilateral relationships between two people), which become more like institutions when operating at a larger scale. Examples of relationships based on personalized links include groups of friends or groups of individuals all well known to a trusted guarantor. Larger scale examples include trader or other business associations.

### ***The role of cultural norms in the development of relationships across cultures***

The final research question relates to the cultural norms in personal relationships and institutions. Building trust is culturally specific as it involves norms and values (Gibbs et al. 2007). Discussions on the nature and formation of norms underlying trust are restricted as they are intangible and difficult to observe. Norms define what actions are deemed to be right or wrong, and include customs of cooperation, reciprocity and

interaction with strangers. Furthermore, norms cannot be produced at will and their creation and shaping depends on the cultural background to the relationship, including the market exchange context (Harriss-White 1996:318).

For personal trust, the act of reciprocity is a norm of behavior that involves an element of altruism or benevolence, and an ethical decision that is not solely based on self interest (Sayer, 2004). Indeed, trustworthiness may be regarded a duty and part of being a good and honorable person. Trust is also based on sanctions for those breaking norms, with enforcement only possible with social consensus (Brennan and Pettit, 2004), as there are norms that dictate what are appropriate sanctions given the particular circumstance. Sanctions may take the form of peer pressure, shaming, damaging personal reputations and exclusion from economic or community activities, through to physical threats and actual bodily harm (Porter and Lyon, 2006).

The production of norms is based on what Platteau (1994: 536) refers to as “historically-rooted cultural endowments”, upon which norms of a more generalized morality can be encouraged when the right conditions arise. Portes and Sensenbrenner (1993:1324-5) use the term ‘bounded solidarity’ which can lead to “the emergence of principled group-oriented behavior ...If sufficiently strong, this emergent sentiment will lead to the observance of norms of mutual support, appropriable [sic] by individuals as a resource in their own pursuits.” Shared norms and organizational conventions support trust building. However, where trust is built across professional boundaries, these culture specific values cannot be so easily drawn on. Nonetheless, it may be possible to build them up over time.

## RESEARCH METHOD

The empirical work took an ethnographic approach and was carried out through two case studies. The Ghana case involved data collection in four urban markets between 1995 and 1999. The greatest attention was given to Kumasi market while shorter studies were undertaken in Sunyani, Techiman and Accra. These markets were selected because of their importance in national marketing systems for agricultural produce, especially tomatoes. A total of 200 interviews were undertaken in Ghana. The Nigerian case involved research conducted on the Jos Plateau in 2001 and 2004, but builds on earlier work conducted by the authors in this region and elsewhere. Eighty interviews were undertaken with vegetable farmers and diverse types of vegetable trader in rural, peri-urban and urban markets.

Open-ended questions were used that allowed respondents to describe specific experiences in their own words. The traders were interviewed in the markets and while they were visiting the farmers. Locating the traders when they had time to discuss their work was difficult and a random sample could not be taken. It was necessary to build up relationships with traders over several years. This was achieved by regular visits. Data collection also involved a considerable amount of observation of market transactions and dispute settlements; what Hollier (1986) refers to as “lurking”. The rationale here is that collective action and the social relations of a particular context are best understood by following explanations of important events and disputes by traders themselves. Small focus groups were used to explore key issues in detail and took place in the market association sheds. These were informally organized and included between three and eight traders who were present at the time.

Interviews were conducted in English where spoken by interviewees or using interpreters. The researchers were sensitive to their position as outsiders and to potential influence of interpreters from different ethnic groups. These biases were minimized by ensuring a range of methods were used (interviews, observations, informal discussions) combined with a sampling of interviewees that allowed comparison and cross checking of issues from multiple sources.

The 2001 Nigeria study occurred at a time of considerable tension, with severe conflicts taking place several months later. In early 2004 we undertook a follow-up study and were struck by the ease of access for researchers and the recovery of (urban and peri-urban) markets, post conflict, on the Plateau, though we were unable to access rural markets because of continuing unrest in remoter locations.

Data analysis drew on grounded theory with careful analysis of comments and the reaction of respondents, particularly in those cases where they were asked questions that related to habitual behaviour. Data from a questionnaire survey of 127 wholesale traders in Nigeria (2001) and 37 traders in Ghana (1999) are also drawn on. In each case, the informal nature of the marketing system meant that no adequate sampling frame could be established, since traders are constantly arriving or leaving the market and physical market boundaries in West Africa are commonly highly porous, being open to entry and exit from diverse points (Barrett 1988:14). Research assistants were consequently asked to interview each wholesaler they met as they progressed through the market concerned, until it closed for the day: i.e. our aim was to obtain responses from the full population of traders present on the day of the survey, but given the fluidity of the population concerned we cannot guarantee that our data refers to the full population. The response rate was remarkably high with only a handful of direct refusals

[though traders not wishing to be interviewed may have simply moved away before we reached them].

## **THE CULTURAL CONTEXTS OF THE CASE STUDY AREAS**

There is a diversity of market types ranging from village markets to bulking markets and large urban markets. The perishable nature of vegetables means that there are fewer intermediaries and produce may be bought from farmers by itinerant traders who take it direct to the urban centres where it is sold on to retailers. This can reduce the time taken to reach the consumers and the risk of losses.

One of the most striking aspects of the vegetable marketing system is the dominance of women in Ghana and southern Nigeria. This is reported in other sectors in Ghana, Nigeria and many other African countries (Attah et al, 1996; Clark, 1994; Horn, 1994; Onyemelukwe, 1970; Trager, 1981; 1985). Trager found that the “market place is historically the domain of women in Yoruba society. Beliefs and institutions recognize women’s importance in the market” (Trager, 1985: 280). However, in Hausa and other Moslem-dominated markets in northern Nigeria, men are far more prominent, especially in the larger-scale perishables trade.

The Ghanaian case study involves the trading relationships between farmers growing vegetables in the Brong Ahafo Region and traders coming out of the large conurbations such as Kumasi and Accra. The area has a long tradition in commercial agriculture and

private trading, particularly with the arrival of cocoa as a cash crop in the early twentieth century. A market system evolved based on historical approaches to trade and growing urban markets. This has been centred on self employed independent traders building relationships with farmers.

There has been evidence of trade in Ghana for the past 1000 years. This has led to dramatic social changes over time and the development of economic activity that involved long distance trade and the development of trading networks that stretched throughout West and North Africa (Chamlee-Wright, 1997: 14; Hymer, 1970: 39; Lovejoy, 1974; Mikell, 1989a). Trade was central to the colonial expansion, encouraging the development of trade routes and infrastructure. The state played an increasing role in the marketing of cocoa and staple food crops particularly in the post independent period (Hansen, 1989). Growing constraints were placed on the informal marketing system as market traders were seen as the cause of agricultural decline. The role of traders came under increasing pressure in the late 1970s and early 1980s as markets were destroyed and traders pushed out, most notably in Accra and Kumasi (Clark, 1994; Robertson, 1983).

Tomato producers are predominantly from the Brong ethnic group, who moved into the Brong Ahafo area with the expansion of cocoa production in the twentieth century. There are also many Ashantis who moved from Kumasi and Mampong areas (Hilton, 1960:29-30). The traders are from the main urban areas to the south of the producing areas and include Ga traders from Accra, Ashantis from Kumasi and Fantes from the southern part of Ghana.

In the Nigerian case there is clear ethnic differentiation within the vegetable production and marketing system. In the Jos urban markets Hausa traders still dominate, so far as vegetables are concerned, because of their enormous experience in this trade and their extensive networks which reach across West Africa. Hausa farmers also dominated production until about 10 years ago, when indigenous Berom expanded production, taking back land that had been rented to Hausa farmers (Porter et al., 2003). However the area has a wide range of other ethnic groups.

The Jos Plateau experienced considerable in-migration in the colonial period, associated with the importation of labor from other areas of Nigeria for tin production. Currently, there are immigrants who have lived on the Plateau for several generations, and therefore feel that the Plateau is their home state, although they are not indigenes. There are also newcomers (first- generation migrants), and temporary migrants who come to participate in the vegetable industry on a seasonal basis. For the most part, these immigrant groups – notably Hausa, Kanuri, Ibo and Yoruba – had managed to co-exist alongside each other and with the indigenous Berom and other Plateau ethnic groups remarkably peaceably. However, friction has grown with the decline in tin production, the movement of settled immigrant populations out of mining into farming and the expansion of dry season migrations of Hausa farmers to the Plateau. Thus, while religious tensions between Moslems and Christians were, ostensibly, the touch paper which sparked serious riots in Jos city in August/ September 2001 and again in November/December 2008, ethnic tensions around access to land and trade probably form an important backcloth to these disturbances in which many hundreds of people were reportedly killed.

## **FINDINGS: RELATIONSHIPS AND CONTRACTS REQUIRING TRUST ACROSS CULTURES**

The two case studies demonstrate a range of arenas where trust across cultures is central to the operation of the marketing system. While ethnic culture is most pronounced in the longer distance relationships, the relationships between each type of actor in the marketing chain require the crossing of professional cultural boundaries as well. The marketing chain (set out in figure 1) summarizes the range of avenues that are operating in both of the case studies. There are differences between the two cases, however, particularly in terms of the role of commission agents and rural bulking markets. These were found to be important parts of the Nigerian system with commission agents providing much funding for farmers. This was not found to the same degree in Ghana, where long distance traders often form relationships with farmers directly. Common to both case studies were a range of arenas where trust was required to overcome the risk of opportunism. These are set out in table 1.

Insert figure 1 here

Insert table 1 here

Where formal legal contracts and agreements cannot be enforced by a legal system, more informal personalized trust relationships become increasingly important in order to reduce uncertainty. For example 68% of wholesale traders in Ghana and 56% of traders in Nigeria were providing long term credit to supplier farmers usually coming from different ethnic groups. Surveys of 159 Ghanaian farmers found that 10% were receiving credit from traders (Lyon, 2000). No evidence of recourse to legal structures was found



and interviewees reported that they were reliant on trust. The amounts of credit provided are considerable for the farmers, with the figure of £125 reported in table 2 representing up to 5 months income for a farm laborer. The money lent out is also a large proportion of the trader's capital, in a context where banks are unwilling to lend to either farmers or traders.

Insert table 2 here

Credit systems in Ghana were found to flow both ways, with 68% of farmers giving produce on credit to traders although there are considerable differences between villages. Table 3 below also shows a majority of traders taking produce on credit from producers and paying later. A majority of traders were also selling produce on credit in Ghana. A comparison with the Nigerian case shows a difference in the proportion of traders providing credit and receiving credit. The lower proportion of traders involved in these trust based credit system in Nigeria may be due to both the greater risks found in Nigeria, and the differences in the marketing chain allowing a greater amount of spot purchasing rather than long-term relationship building.

Insert Table 3 here

## **PERSONAL AND INSTITUTIONAL FORMS USED TO ENSURE TRUST**

The empirical findings show that individuals draw on both personalized social relations and institutional forms of trust. Personalized trust is shown to be based on having information on the other party and the ability to sanction those that do not behave as expected. On the one hand this is a calculative process, but our data show that in many

cases people trust based on instinct and reported that they had not thought about the issue until asked about it by a researcher.

Traders take considerable risks in lending to people who could disappear and the issue of personalized trust was often identified by interviewees as a way to reduce this risk. To build up trust, traders have to gather information about the farmers' prior behavior and also have sanctions or potential ways of putting pressure on them if they try to avoid repaying. In this way they balance both controls and goodwill or benevolence (Nooteboom, 2004).

The types of relationships that are drawn on are existing relationships through kinship, community or church links, working relationships built up over time, friendships that come out of the working relationship, and intermediaries who are known to both sides. Information leading to personalized trust is gathered on the competence of the person to repay by visiting the farm, assessing its size and asking others about their ability as farmers. By working together the farmers and traders learn more about each other. One (male) trader in Nigeria stated: "I know him - in and out of season we are all together". Information about the person's character and behaviour is also gathered from people in the recipient's community and traders may go to visit the village and the farmer's house. This allows traders to meet the family members and other villagers. If there is a problem with repayment, traders can use the family members, leading farmers in the village, or the village head, to settle disputes and put social pressure on the farmer. Meeting family members also acts as a proof of giving the loan. In Nigeria, some farmers were additionally being asked to 'sign evidence before collecting' [i.e. put a signature or mark on a written statement confirming receipt of the loan before it is handed over].

The sources of information for personalized trust may also come from using intermediaries, particularly the elders of the different types of associations. These intermediaries are able to build on bilateral relationships and allow multilateral relationships to evolve through being a guarantor. In this boundary spanning role they cross ethnic and professional boundaries and facilitate the building of trust based on their personal relationships. However, these personal relations become more institutional as the scale of the boundary crossing increases. This demonstrates the lack of a clear distinction between institutionally based and personalized trust, especially with respect to the role of intermediaries.

Institutional-based trust is built on organizational forms that have regulatory roles and allow confidence in others' actions without personal relations. These include trader associations, traditional chieftaincy systems and community leadership and allow individuals to take action against others if an agreement is not honored. These institutions tend to become parallel institutions to the state as public sector-supported institutions are not perceived to be trustworthy due to the high degree of corruption.

The two case studies found no formal legal basis for any of the transactions but contracts are partly enforced by trader associations operating as parallel institutions to the state. These organisations also regulate the market place through settling disputes, regulating the activities of the intermediaries and controlling the use of the market space. In Nigeria they played a role in organizing private 'vigilante' security groups and in Ghana they were also providing forms of insurance. Trader associations were found to vary, with many markets having an umbrella association that included a wide range of other associations divided along commodity lines, which in turn may be subdivided into

autonomous groups for retailers and wholesalers. The associations were therefore playing a boundary spanning role between different professional cultures.

While power can be drawn from mutual action in the market associations (i.e. there is a collaborative side to power in the form of social solidarity which enables trust in the collective, Arendt 1958), it will not necessarily operate positively for all traders. In the Nigeria case, the expanding role of local Berom and other Plateau people in the vegetable trade has been achieved despite the evident dominance of Hausa traders in Jos urban vegetable markets. In this case the ability of smaller players to mobilize against a greater force (a possibility which Arendt also observes) was presumably feasible because of the collaborative, integrative (ethnic) resources of the less established Berom trader group.

## **CULTURAL NORMS THAT INFLUENCE RELATIONSHIPS**

Norms define what actions are considered acceptable or unacceptable and are therefore the basis of building and maintaining personalized trust and institutions in themselves. Norms of reciprocity are the most commonly referred to in this study, particularly with regard to customer relationships. These relationships, frequently between people from different ethnic groups, were found to be able to withstand the serious conflict between ethnic groups which occurred in Jos in 2001, even though the origin of the conflict was linked to resentment against traders of a particular ethnic group.

These norms of reciprocity were often referred to in terms of friendship and obligation to others. In Nigeria, co-operation in long distance trading relationships is frequently cemented through landlord relationships whereby the trader of one ethnic group will

reside with another ethnic group while his/her goods are being sold (Cohen, 1971; Hill, 1971; Mortimore, 1989:131). This provides a sense of security, even if the landlord takes some advantage of his client's limited knowledge of local conditions and languages: "The [Ibo] dillali that takes you to his house personally has shown great concern. There are many thieves in the east. If you go to lodge and get attacked you won't return to him. So you are safe.... You go back to him because of the relationship between you, even though he has cheated you. If you go to another place it could be even worse. ... he respects me because I help him earn a living" (driver/farmer from Tudun Mazat, Barikin Ladi district, talking about the 6-year business relationship with his Ibo dillali based in Onitsha, January 2004). In Ghana, the forms of reciprocity and obligations were cemented through attending church together and most importantly, through attending funerals of a family member of the other party. These are large events where the number of guests is a sign of status and financial contributions are provided to the cost entailed. In such cases the common norms of professional cultures over-rode the ethnic cultural boundaries.

Other important professional cultural norms include keeping agreements, avoiding deception, not stealing customers or outbidding fellow traders. The studies also identified norms related to modes of interaction with strangers with an expectation on traders to welcome buyers and sellers and treat them fairly. However, the definition of what is considered fair was found to be open to interpretation in the different case studies, with further differences between markets, between commodities and changes over the season as goods become more or less abundant. The moral norms regarding the relationship between competitor traders are strongly enforced as this allows the markets to operate without descending into chaos and results in traders regarding those carrying out the same activities as colleagues rather than competitors.

Norms can be applied consciously and rely on altruism and benevolence, as well as social consensus to enforce sanctions on those that break them. The roles of associations in each case study demonstrate common forms of social consensus and punishing norm breakers. The sanctions or motivations may also come in the form of shame, peer pressure, and fear of a damaged reputation that would limit access to support from other traders in the future (for example for credit or for settling disputes). Individual traders are therefore pressured into keeping to norms by those around them. This can be done by withdrawal of co-operation, disapproval and attaching social stigma to norm breakers.

Pressure can also be exerted through forms of authority. The strength of this authority is based on their own set of norms that include common beliefs, values, traditions and practice that result in the recognition of the authority's right to command. Norms of leadership are adapted from common forms of behaviour of those involved. Examples include the form of the trader associations, drawing norms of leadership found in the chieftaincy system in Ghana. The Ghanaian associations, dominated by women traders, had market queens, referred to as 'ohemma'. Their roles and operations draw on the Ashanti and Brong cultural-specific practices where a leading woman plays a key role in traditional chieftaincy.

While norms may be enforced through sanctions, there are also norms that determine which sanctions or forms of coercion are acceptable. The ability to make threats and carry them out is shaped by the norms of what is deemed acceptable behaviour. In Ghana's Central Region, individuals claimed they were restricted from taking forceful action against people from their own community as they did not want a confrontation and

to 'get a bad name' (Lyon, 2000). On the Plateau we heard similar sentiments expressed: "there have been a few cases [of stealing]. We send them away. We don't take them to the police station because we have been together. Maybe if you can recognize your mistakes and promise not to do it again... if you repent you can stay" (Hussain, loader at Building Materials market).

Obligation to cooperate or reciprocate is also based on common norms to support family or fellow workers or community members. These norms may be very different to the accepted norms of how others are treated, as seen in the case of the loaders above. This demonstrates the importance of considering the plurality of norms dependent on the existing and emerging relationship of the two parties. Traders were found to draw on these obligations to follow norms by visiting a customer's house and getting to know other family members and community members who might be able to put pressure on the customer should there be any problems in the relationship.

In the Nigeria study area, the role of religion (both Islam and Christianity) has been increasing in importance. Traders suggest religion shapes their own moral approaches, but it does not appear to be substantially reshaping how and with whom the vegetable business is transacted post the 2001 crisis. The issue of Islamic sharia law, while very important in other parts of Nigeria, was not mentioned by anyone we interviewed, although this may be due to the sensitivity of the subject following the conflict and ongoing tensions.

## **DISCUSSION**

### ***Implications for practice***

This chapter has set out how trust can be built up between cultures in unpromising circumstances created by multiple cultural nodes and boundaries, and a lack of formal institutions. The multiple cultural boundaries include those related to ethnicity, profession (different types of trader and position in the marketing chain) and gender that actors have to cross in order to participate in markets. In many regions a large proportion of traders are women who have specific cultural approaches to interaction and regulation of market places.

The ethnic cultural differences are particularly important in an African context as in most African countries there is considerable ethnic diversity. Markets are often the major points of interaction for these ethnic groups, and the trust based relationships established in trading, act as a means of creating ties and avoiding wider community conflict. However, where there is ethnic tension, market places have been found to be triggers for widespread ethnic conflict in Nigeria, while at the same time acting as a means of bringing conflicting groups together again to build peace (Lyon et al, 2006). This suggests that attention could profitably be given to the dynamics of trader interactions in ethnic conflict prone areas, since knowledge and understanding of local cross-cultural trading practices and associated points of tension and cooperation may be of value in developing broader initiatives to defuse conflict and build peace.

Lack of state based formal institutions results in traders and farmers having to rely more on personalized relationships and the development of semi-formal institutions such as trader associations. Traders can draw on institutional forms of trust (such as enforcing contracts and uniform measures) in order to build confidence without having a personalized relationship. The institutional forms allow one party to take action against another if an agreement is not honored. Institutional trust is built up through ensuring



that those relying on these institutions perceive them to be trustworthy and able to sanction norm breakers. This demonstrates the importance of understanding both the personalized and institution-based relationships that occur in most examples of trust. These are identified in the case studies but can also be found universally (Bennet and Robson, 2004; Mollering, 2002; Zucker, 1986). This challenges approaches that present different cultures as being either 'high' or 'low' trust. The findings here demonstrate the importance of making a distinction between personalized and institution-based trust, each of which may vary between high and low in different contexts.

### ***Directions for future research***

The cases presented in this chapter demonstrate high degrees of personal trust and low institutional trust. Nigeria and Ghana present relatively unique contexts for exploring the issues of trust and cultural norms, but the study can contribute to wider theoretical discussions of trust and control between organisations and within organisations. In other cultural contexts there may be high institutional trust and lower personal trust (often as a result as the higher institutional trust). In some African contexts such as Zambia and Tanzania, there is also some evidence of lower personal and institutional bases of trust (Porter, Lyon and Potts, 2007; Tillmar and Lindkvist, 2007). To explore this differential development of institutional and personal trust in different contexts, case study research in a diverse set of African regions would be valuable. In such research a historical perspective is likely to be extremely important for learning how trust may be built, but also how it may be undermined or destroyed. Such a perspective on cross-cultural trust building will demonstrate the importance of cultural context while at the same time identifying those factors and conceptual frameworks that transcend culture.

There are considerable cultural differences across Africa as in Europe, although there has been little research assessing these issues with regard to building trust. Lane and Bachmann (1996) found relatively high institutional trust in a Germany inter-firm supply context and relatively low institutional trust by comparison in UK. Furthermore, there are differences within individual African countries, and within particular professions or sectors. This means that we cannot refer to an Africanist approach to trust building any more than we can refer to a European approach. Detailed research is therefore needed on the culture-specific or emic dimensions to building trust (Zaheer and Zaheer, 2006) operating at a national and sub-national level.

There is also a need for research to identify some generalizable findings that can contribute to a universalist theory of trust. While that is a larger project that has not been attempted in this chapter, this study shows that there are elements of trust production that can be found in all cultures, most notably the balance of personal and institution based trust, the balance of wanting to act reciprocally and being coerced into cooperation, and the role of locally specific norms. These norms and the response to norm violation will vary from culture to culture and affect the development of trust in different ways.

### ***Concluding comments***

With both personalized and institutional trust, cooperation is ensured through a balance of wanting to act reciprocally and being coerced into action due to the control exerted by the other party. The nature of reciprocity is based on norms of behavior, customs and 'rules of the game'. In the case studies, control is based on peer pressure (shame within a community and reputation protection), authority of informal organisations (penalization, exclusion from market spaces) and in some cases, strength (physical or in numbers).

There is evidence of both norms of cooperation (reciprocity, keeping agreements, friendship etc) and norms of sanctions (acceptance of authority, acceptable types and strength of sanctions). Furthermore, the way reciprocity and control are used is not only calculative, as people are found to act on instinct and out of habit.

Our case study research emphasizes the importance of taking a historical perspective to understanding trust because norms may vary over time and be applied in different ways. This resonates with Lane and Bachmann's (1996) observation (in comparing trust relationships in a European industrial context) that structures are socially constructed in a long historical process. In Europe, as in an African context, for instance, there can be a rapid change when marketing systems are disrupted by conflict, by a changing political context, or by changing technology (such as mobile phones). This plurality of norms in our case studies is seen when comparing relationships between community members and relationships with distant others. While norms of reciprocity may be expected to be stronger in local communities and amongst relatives, there are also more limitations on what sanctions can be applied if there is any case of opportunism. This results in people preferring to do business with non-relatives.

There is, therefore, a central role for cultural norms to play. Incentives are necessary for trust based relationships but are often not sufficient. Trust across cultural boundaries thus has to identify the common norms, and where norms of behavior may be different, each party has to adapt to the other. In the two case studies, relationships across cultures were found to have been built on common norms of behavior that had evolved over time and were perceived as professional cultural norms amongst similar types of traders. In both case studies, the norms have been built on a long history of intercultural exchange over long distances.

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Table 1 Trust and opportunism in vegetable production and marketing

<b>Trust arena</b>	<b>Potential opportunism</b>
Farmers receiving credit from traders	Not repaying, diverting sales to other traders, not reducing price for trader as agreed
Bargaining	Farmers and traders withholding information on supply or prices from the other party
Paying for produce after harvesting	Traders reducing the price negotiated with farmers after they have harvested
Diverting harvested produce to traders with higher prices	Farmers negotiate a price to harvest for some traders and more traders come offering higher prices. Farmers can dump the earlier traders' boxes and harvest for the higher price
Low quality produce	Farmer hides grass, rocks and unripe or damaged tomatoes in the crate
Traders take on credit	Traders ask to take on credit and do not return. Traders return saying the price was low in the market and so cannot pay the full amount
Trader associations	Trader does not cooperate with association members. Stealing customers of other traders in the market
Sales to retailers	Retailers fail to pay later after taking goods on credit or cannot pay the full amount

(Adapted from Lyon, 2000)

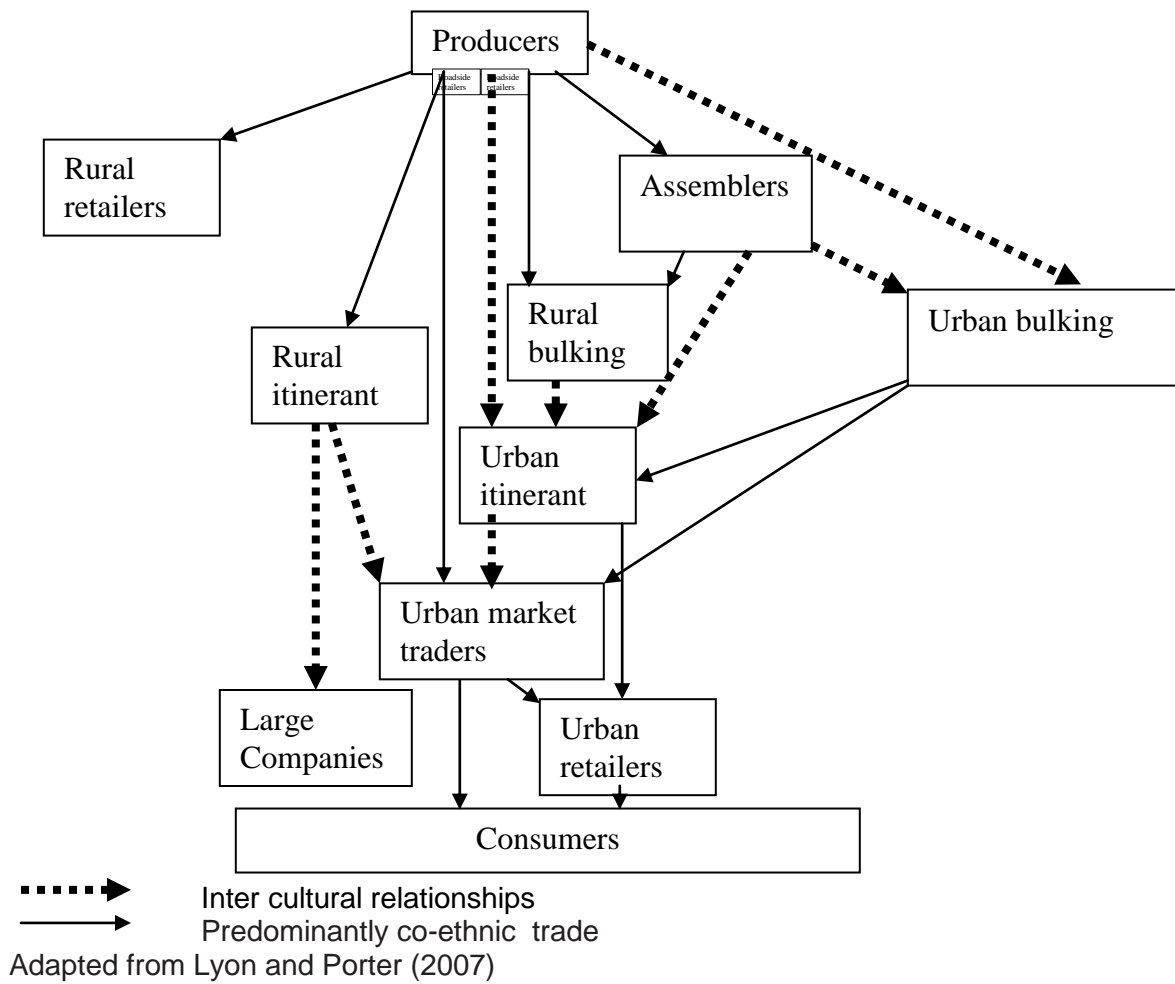
Table 2 Trader credit to farmers

	Ghana case study	Nigeria case study
N	N=37	N=127
Percentage of traders giving credit to farmers	68%	56%
Average number of farmer customers being given credit	4.6	4.0
Average amount given (converted to pounds)	£125	£50

Table 3: Traders buying and selling goods on credit

	Ghana case study	Nigeria case study
N	N=37	N=127
Percentage of traders receiving produce on credit	68%	57%
Percentage of traders selling produce on credit	76%	50%

Figure 1 Urban marketing chain and cross ethnic cultural links



**Biographies**

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Gina Porter is Senior Research Fellow in the Department of Anthropology, Durham University, UK. She has a long-standing interest in trader relations in West Africa (notably Ghana and Nigeria), where she has undertaken research for over 30 years. Her research on trust has been conducted in trade and other contexts, including North-South NGO relations, and NGO-state relations. Currently she is leading a research study of child mobility in Ghana, Malawi and South Africa.